

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 23, 2004

In Reply Refer To:
El Paso Natural Gas Company
Docket No. RP04-238-000

El Paso Natural Gas Company
Post Office Box 1087
Colorado Springs, CO 80944

Attention: Robert Tomlinson, Director
Regulatory Affairs

Reference: Annual Revenue Crediting Report

Dear Mr. Tomlinson:

1. On March 31, 2004, El Paso Natural Gas Company (El Paso) filed its annual revenue crediting report pursuant to section 25.3(e) of the General Terms and Conditions (GT&C) of its tariff. El Paso's report is accepted as in compliance with the reporting requirements in section 25.3(e) of the GT&C of its tariff. This order is in the public interest since the correct amount of revenue was credited to each eligible shipper in accordance with El Paso's tariff.

2. Pursuant to section 25.3 of the GT&C of El Paso's tariff, El Paso is required to share with eligible shippers 35% of the applicable fixed cost revenues that exceed the annual revenue threshold specified in the tariff,¹ pursuant to the rate case settlement in Docket No. RP95-363-000.² El Paso reports that it distributed revenue credits totaling \$41,798,785 on a pro rata basis to each eligible shipper.³ El Paso states that the annual revenue crediting provisions in section 25.3 of the GT&C of its tariff terminated on December 31, 2003. Therefore, El Paso states that this report is the last annual revenue crediting report required pursuant to section 25.3 of the GT&C of its tariff.

¹ Section 25.3(b) of El Paso's tariff lists the 2003 threshold limit as \$36,577,228.

² 79 FERC ¶ 61,028 (1997) and 80 FERC ¶61,084 (1997).

³ The eligible shippers are identified on Sheet Nos. 33-35 of El Paso's tariff.

3. The filing was noticed on April 6, 2004, with comments due on or before April 12, 2004. Southern California Gas Company (SoCalGas) filed a protest as discussed below. Notices of interventions and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

4. SoCalGas, an eligible shipper, filed a protest arguing that El Paso's annual revenue crediting report herein contains a misstatement. While SoCalGas does not claim the refund amounts it receives are incorrect, it points out that SoCalGas has five separate transportation service agreements (TSAs),⁴ not one as reported.⁵

5. The Commission acknowledges that El Paso's two previous annual revenue crediting reports list all five of SoCalGas' TSAs separately as opposed to just one aggregate agreement listed herein. The Commission also recognizes that El Paso's reasoning for listing the five TSAs as one by referring to them in footnote 6 of Tab D to its annual report as "accounting identifiers" is vague. However, the Commission has determined that El Paso's annual report herein correctly reflects revenue credits due SoCalGas in the amount of \$20,980,301,⁶ which does not change as a result of whether the five TSAs are categorized individually or in aggregate. The allocated revenue credit

⁴ These five agreements include TSA Nos. 9M7L, 9M7M, 9M7N, 9M7P, and 9M7Q.

⁵ This aggregate agreement is listed as TSA No. 97VT.

⁶ SoCalGas' allocated percentage of total Risk Sharing Obligation under TSA No. 97VT of 50.193% (i.e. \$98,327,741 / \$195,897,098) times total credits due customers of \$41,798,785 equals the revenue credit due SoCalGas in the amount of \$20,980,301.

percentage of 50.193%⁷ to SoCalGas used to determine its revenue credits of \$20,980,301 remains the same because the total firm capacity of 1,150 MMcf/d is the same whether shown separate or aggregated. Accordingly, the Commission will acknowledge SoCalGas' concern but for the reasons stated above has determined that it does not have an impact on the overall refund amounts.

By direction of the Commission.

Magalie R. Salas,
Secretary

⁷ The allocated revenue credit percentages under the five TSAs as reported in Tab D Schedule 2 of SoCalGas' protest are as follows: (TSA No. 9M7L) 26.624%; (TSA No. 9M7M) 6.870%; (TSA No. 9M7N) 8.829%; (TSA No. 9M7P) 5.680%; and (TSA No. 9M7Q) 2.190%. Together these five allocated revenue credit percentages total 50.193% which is the same percentage reflected in the aggregate TSA No. 97VT listed in Tab D of El Paso's annual revenue credit report filed herein.